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Governor Sean Parnell
STATE OF ALASKA

October 17, 2011

The Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Chairman Genachowski,

As the Commission enters its final deliberations on Universal Service Fund (USF) reform, I am dismayed to learn that the Commission is considering a draft proposal that would slash annual USF high cost support to Alaska over the next five years by as much as 70 percent. The loss of \$150-160 million in annual support would devastate the domestic telecommunications industry in Alaska and deliver a crushing blow to the hopes and aspirations of rural Alaskans, directly contradicting the avowed policy of the President.

The USF program was created for the purpose of ensuring that consumers in rural, insular, and high cost regions of the nation have access to telecommunications services and rates comparable to consumers in urban areas. This was a major priority of the 1996 Telecommunications Act, and it needs to be a priority of USF reform.

I have written to you directly on several occasions and submitted official comments since USF reform was first proposed. Yet, still, it would appear that my message has not reached you and your staff.

Repeatedly, I have stressed that any USF reform must recognize Alaska's unique challenges that make costs for delivering rural telecommunications and broadband services the highest in the nation. For example, more than 100 of Alaska's villages have no connecting roads to other communities – they are remote or cut off from larger population centers like nowhere else in the country. Any reduction in current USF levels of support would reduce these services, increase local access charges which are already the highest in the nation and, in some cases, would likely jeopardize basic services in our most rural communities.

Alaska's unique challenges include ensuring access to telecommunications services across Alaska's Native communities. The FCC has recognized that Tribal Lands are difficult to serve and warrant special treatment as demonstrated under the current CETC interim cap. Under the cap, Alaska's Tribal Lands are defined as all Alaska Native Regions, which recognizes the dominance of Alaska Native populations across the vast areas of the state and not within discrete areas of geography.

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Policies concerning both wireline and wireless telecommunications services in Alaska must recognize the need to deliver all services to the entire regions that carriers serve. Continued special Tribal Lands support in Alaska must be preserved to maintain existing services, let alone to foster any expansion of broadband access.

We cannot rely on vague assurances that Alaska's needs might be met in the future by an FCC waiver process, nor can we rely on an undefined and underfunded mobility fund. These offers cannot undo the massive, immediate harm the current proposal would create if adopted by the FCC. Any waiver process would likely not even provide sufficient support for the status quo. It would certainly not foster any goal of expanding broadband access and services in Alaska. A waiver process would also inject sufficient uncertainty in future USF support as to eliminate access to any private sector funding by Alaska's carriers, whether for existing or expanded infrastructure development.

Lastly, as I stated to you in my letter of last June, any USF reform action that diminishes current State regulatory authority and oversight of intrastate rate policies is completely unacceptable. The Regulatory Commission of Alaska, in previous comments to the FCC, has fully articulated this position.

In closing, let me reiterate that in advancing USF reform, the FCC must recognize Alaska's unique challenges. If not, telecommunications and broadband access and services in Alaska will diminish rather than expand.

I appreciate your attention to these concerns, and I look forward to any feedback you can provide.

Sincerely,



Sean Parnell

Governor

cc: Michael J. Copps, Commissioner, Federal Communications Commission
Robert M. McDowell, Commissioner, Federal Communications Commission
Mignon Clyburn, Commissioner, Federal Communications Commission
The Honorable Lisa Murkowski, United State Senate
The Honorable Mark Begich, United States Senate
The Honorable Don Young, United States Congress
John Katz, Director of State and Federal Relations, Office of the Governor of Alaska